Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Consolidated Application for Authority	)	
to Provide In-Region, InterLATA Services	)	WC Docket No. 02-148
in Colorado, Idaho, Iowa, Nebraska	)	
and North Dakota	)	
	)	

REPLY DECLARATION OF CHRIS FRENTRUP
ON BEHALF OF WORLDCOM, INC.

Based on my personal knowledge and on information learned in the course of my duties, I, Chris Frentrup, declare as follows:

I. INTRODUCTION AND SUMMARY

1. My name is Chris Frentrup. I am employed by WorldCom, Inc. ("WorldCom") as a Senior Economist in the Public Policy Analysis Group of the Federal Advocacy organization. I am the same Chris Frentrup who filed a declaration with WorldCom's initial comments in this docket.

2. This Reply Declaration revises the analysis contained in my initial declaration to reflect two modifications made by Qwest and responds to Qwest's arguments regarding minutes-of-use assumptions. First, on June 28, 2002, Qwest filed an *ex parte* letter that corrected some of the rates that it used in its benchmark analysis.[1] Second, in an *ex parte* letter filed on July 22, 2002, Qwest clarified its reporting of minutes and lines in ARMIS.[2] In

1 See Letter from Peter Rohrbach, Qwest, to Marlene H. Dortch, Secretary, FCC, June 28, 2002, WC Docket No. 02-148, Attachment at page 4 ("June 28 Ex Parte").
2 See Letter from David Sieradzki, Hogan & Hartson, to Marlene H. Dortch, Secretary, FCC, July 22, 2002, WC

addition, Qwest has acknowledged that the exchanges it sold should be removed from the Synthesis Model (SM) before computing unbundled network element (UNE) costs, and has provided revised results of the SM reflecting that change.[3] My revised analysis incorporating these three changes finds that Qwest's proposed revisions to its UNE rates still leave switch usage rates overstated by 40.5 percent in North Dakota and 21.8 percent in Nebraska. The sale of exchanges lowers the SM's estimate of loop costs and results in a reduction in loop rates of 0.9 percent in Idaho, 2.9 percent in Iowa, and 8.4 percent in North Dakota.[4]

II. DATA RECENTLY FILED BY QWEST CONFIRMS WORLDCOM'S PREVIOUSLY ESTIMATED RATE REDUCTIONS RESULTING FROM SOLD EXCHANGES

3. In my initial declaration, I noted that the SM results on which Qwest relies to perform its benchmark analyses included wire centers in Idaho, Iowa, and North Dakota that Qwest has sold. Since I did not have access to the wire center demand needed to run the SM, I estimated the effect on SM costs of removing the sold exchanges based on the wire center expense modules provided by the Commission. In its July 22 Ex Parte, Qwest provided results of SM runs with the sold exchanges removed. These results confirm the estimates in my initial declaration – loop rates need to be reduced 0.9 percent in Idaho, 2.9 percent in Iowa, and 8.4 percent in North Dakota.[5] Similarly, total non-loop costs in the SM fell by 2.1 percent in Iowa and by 14.2 percent in North Dakota after removal of these exchanges.[6]

Docket No. 02-148, Attachment at page 29 ("July 22 Ex Parte").
3 See July 22 Ex Parte at Exhibits to Question #1.
4 The 8.4 percent reduction in North Dakota resulting from removing the sold exchanges is included in the total reduction of 40.5 percent required to account for both the sold exchanges and minutes-of-use assumptions.
5 As reported by Qwest, the SM loop cost fell from $18.21 to $18.05 in Idaho, from $14.69 to $14.26 in Iowa, and from $15.87 to $14.54 in North Dakota.
6 As reported by Qwest, the SM non-loop costs fell from $4.29 to $4.20 in Iowa and from $5.13 to $4.40 in North Dakota. Reported non-loop costs in Idaho would also have declined, except that Qwest discovered it had incorrectly excluded one of its Idaho properties in its initial benchmark analysis. Including this second property, and removing

III. QWEST'S RECENTLY FILED DATA CONFIRMS WORLDCOM'S PREVIOUSLY ESTIMATED RATE REDUCTIONS RESULTING FROM REMOVING SOLD EXCHANGES

4. In my initial declaration, I explained that Qwest's use of a standard set of demand in all states to compute the benchmark was inconsistent with Commission precedent. I had computed minutes of use per line in each state by dividing ARMIS data for dial equipment minutes (DEM) by the sum of lines reported by Qwest in ARMIS and unbundled loop, UNE platform, and resale loops reported by Qwest in its brief. In the July 22 Ex Parte, Qwest states that the lines data in ARMIS already include resale loops, and that unbundled loops do not generate DEM and thus should not be included in this analysis.[7] I have revised my computed minutes per line to reflect these facts by removing unbundled loop and resale lines from the line counts in each state. The revised data are reported in Table 1, attached.

5. In *ex parte* letters, Qwest has made several arguments against using state-specific data.[8] First, although it acknowledges that it possesses state-specific minutes of use per line by state, it claims that it does not possess studies that would show state-specific data on the splits between interoffice and intraoffice calls, between originating and terminating calls, or between tandem and direct routed calls, all of which are necessary to perform the benchmark analysis.[9] Qwest does not explain why it would be improper to use the state-specific minutes described above in conjunction with the Commission's standard assumptions on these items. Use of the state-specific minutes with the standard mix assumptions will better reflect the

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the sold exchanges changed the SM non-loop costs from $4.11 to $4.12, a 0.2 percent increase.
7 See July 22 Ex Parte at page 29.
8 See July 22 Ex Parte, Attachment at 3-6.
9 See July 22 Ex Parte, Attachment at 3.

different market conditions in the states than will the use of the same set of minutes in all the states.

6. Qwest also claims that using the standard assumptions for all states will allow it to simplify its multi-state applications.[10] However, developing the state-specific minutes of use in the manner described above is a straightforward process that is not burdensome. Finally, Qwest claims that use of state-specific minutes does not systematically result in higher rates – some states will be allowed higher rates under the state-specific minutes of use, and some will be allowed higher rates using the standard assumptions.[11] In fact, Qwest claims, using minutes of use from 2001 rather than the standard assumptions would result in a lower benchmark in only 7 of the 13 states in which it has used or plans to use the benchmark methodology. Even if this were correct, it would be irrelevant. The relevant question is whether state-specific minutes more accurately reflect the costs that will be incurred by purchasers of UNEs. As the Commission has already stated, the demand of the average customer is "the single most informed estimate" of potential CLEC demand.[12]

7. In any case, use of state-specific minutes for the four states in this application that rely on the benchmark methodology would require large reductions for Nebraska and North Dakota (21.8 percent and 24.4 percent, respectively) and allow *de minimis* increases for the Iowa and Idaho. Qwest's implicit claim that use of the standard assumptions throughout its region would result in roughly the same rates overall is simply incorrect.

10 See July 22 Ex Parte, Attachment at 4.
11 See July 22 Ex Parte, Attachment at 4-5.
12 See Application by Verizon New Jersey Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc., for Authorization to Provide In-Region, InterLATA Services in New Jersey, WC Docket No. 02-67, Memorandum Opinion & Order, FCC 02-189, rel'd. June 24, 2002 ("NJ 271 Order") at ¶ 54.

IV. CORRECTING FOR MINUTES-OF-USE ASSMPTIONS AND SOLD EXCHANGES REDUCES SWITCH USAGE RATES SUBSTANTIALLY IN NORTH DAKOTA AND NEBRASKA

8. The effect of making all the above-described corrections is to reduce switch usage rates substantially in North Dakota and Nebraska. Specifically, switch usage rates would be reduced by 40.5 percent in North Dakota and by 21.8 percent in Nebraska. Correcting just the minutes-of-use assumption would reduce switch usage rates 24.4 percent in North Dakota and 21.8 percent in Nebraska. The Excel workbooks that compute the switch usage rates for each state can be downloaded from http://www.qwest.com/about/policy/ldReentry/Fed271/month1/declarations/Dec_CostAnalysis.html. The minutes per line data from Table 1 can be entered in those workbooks on lines 1a, 2a, and 3a for Colorado, and on lines 1b, 2b, and 3b for the other states. The revised SM non-loop costs should be entered in line 33b, and the revised shared transport rates should be entered in line 9b.[13] Once these changes are made, the workbook recomputes the allowed switch usage rate. The rate should be cut to $0.001448 in North Dakota and to $0.001555 in Nebraska to meet the benchmark test.

13 Qwest also states that the local switching rate for North Dakota needs to be changed from $0.00260 to $0.002595. In the workbook on Qwest's website, the correct rate is already entered, although the number of significant digits in that cell is set so that the incorrect rate displays.

V. CONCLUSION

9. Qwest has incorrectly computed the benchmark test for the states included in this section 271 application. Significantly, using state-specific minutes and removing the sold exchanges will reduce Qwest's switch usage rate by 40.5 percent in North Dakota and 21.8 percent in Nebraska. The Commission should reject Qwest's section 271 application until Qwest lowers its rates to reflect these corrections to its benchmark analyses.

10. This concludes my Declaration on behalf of WorldCom.

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 29, 2002.

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Chris Frentrup

TABLE 1

	2001 DEM			2001 Avg Lines			2001 DEM per Line				
	Total	State	Interstate		UNE-P lines	Total Lines	Local	LD	State	Interstate	Total
CO	75,679	63,489	12,190	2,815,265	79,406	2,894,671	1,742	86	1,828	351	2,179
ID	15,332	12,932	2,399	581,804	11,438	593,242	1,761	56	1,817	337	2,154
IA	32,071	27,827	4,244	1,133,083	110,471	1,243,554	1,736	128	1,865	284	2,149
ND	7,969	6,881	1,088	214,842	21,149	235,991	2,277	153	2,430	384	2,814
NE	15,264	12,897	2,367	486,046	4,446	490,492	2,074	117	2,191	402	2,593

Sources: 2001 DEM are from ARMIS 43-04, row 1216
2001 Avg Lines are the average of 2000 and 2001 Total Switched Access Lines from ARMIS 43-08
UNE-P lines from Qwest Brief, Page 19

	2000 State DEM			
	LD	Local	% LD	% Local
CO	3004270	60658451	0.0471904	0.952809589
ID	391149	12347089	0.0307067	0.96929332
IA	1920054	25982739	0.0688123	0.931187749
ND	435159	6464780	0.0630671	0.936932921
NE	689651	12242788	0.0533272	0.946672782

Source: NECA data for 2000